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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
Petition of WorldCom, Inc. Pursuant)
to Section 252(e)(5) of the)
Communications Act for Expedited)
Preemption of the Jurisdiction of the)
Virginia State Corporation Commission)
Regarding Interconnection Disputes)
with Verizon Virginia Inc., and for)
Expedited Arbitration)

CC Docket No. 00-218

In the Matter of)
Petition of Cox Virginia Telecom, Inc., etc)

CC Docket No. 00-249

In the Matter of)
Petition of AT&T Communications of)
Virginia Inc., etc)

CC Docket No. 00-249

VERIZON VA'S DIRECT TESTIMONY ON PERFORMANCE ISSUES
(ISSUE NOS. III-14, IV-120, IV-121, IV-130, and VII-18)

• JULIE CANNY

NOVEMBER 9, 2001

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8
9

I. WITNESS BACKGROUND

Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

A. My name is Julie A. Canny. I am the Executive Director - Regulatory Support for Wholesale Performance Assurance. My business address is 1095 Avenue of the Americas, Room 2842, New York, New York, 20036.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Verizon Services Group. I am responsible for developing performance measurements, standards and financial incentives for services provided to competitive local exchange carriers ("CLECs") and Resellers by Verizon's local operating telephone companies.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. I received a Bachelor of Science degree in Mathematical Economics and Management from Simmons College in 1977; and a Master of Business Administration degree, with a concentration in Finance, from Babson College in 1980.

Q. PLEASE STATE IN GENERAL TERMS YOUR RESPONSIBILITIES.

A. I assumed my present position in July 2000 after the merger of Bell Atlantic and GTE. I had similar responsibilities for Bell Atlantic since 1997 and for NYNEX from 1995 until the merger of Bell Atlantic and NYNEX. From 1989 to 1995, I was Director of Quality for NYNEX, supporting all staff departments. In that

1 function, I was involved with the implementation of quality assurance processes
2 and, in particular, the development of performance measurements for business
3 purposes. From 1985 to 1989, I held positions of increasing responsibility in
4 Installation, Maintenance, and Construction Engineering in Boston and New
5 Hampshire. From 1980 to 1985, I held various positions in Planning and
6 Budgeting. Before joining New England Telephone and Telegraph Company, I
7 was Senior Statistician at Liberty Mutual Insurance Company, where I was
8 responsible for the integrity of Workers Compensation experience filings with
9 various regulatory bodies.

10
11 **Q. HAVE YOU TESTIFIED BEFORE?**

12 A. Yes, I have testified on behalf of Verizon on the subject of performance metrics
13 and remedies in New York, Massachusetts, Pennsylvania, Connecticut, New
14 Hampshire, Vermont, and New Jersey in various interconnection agreement and
15 271 proceedings.

16
17 **II. PURPOSE AND OVERVIEW OF TESTIMONY**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. Without waiving Verizon VA's arguments as set forth in its Renewed Motion to
20 Dismiss Consideration Of Issues Related To Performance Measures And
21 Assurance Plans, the purpose of this testimony is to explain and support the
22 contract provisions Verizon VA proposes with respect to the issues associated
23 with the proposed (i) performance measurements or standards and (ii)
24 performance assurance plans ("PAP") raised by the Parties in this proceeding

1 (Issue Nos. III-18, IV-120, IV-121, IV-130, and VII-18) (generally referred to as
2 the “metrics issues”).
3

4 **Q. CAN YOU PROVIDE AN OVERVIEW OF THE METRICS ISSUES?**

5 A. This Commission should not address the metrics issues because the Virginia State
6 Corporation Commission (“Virginia Commission”) is actively considering them
7 in an industry collaborative proceeding. *In re Establishment of a Collaborative*
8 *Committee to Investigate Market Opening Measures*, Case No. PUC000026
9 (the “Virginia Collaborative”). To the extent that the Commission orders
10 inclusion of contract language in the interconnection agreements, the
11 Commission should only order contract language referencing any measurements
12 or PAP that results from the Virginia Collaborative. Until such time as there is an
13 effective PAP arising from the Virginia Collaborative, the PAP already in place
14 under the conditions adopted in the *BA/GTE Merger Order*¹ – which is based on
15 the PAP developed in the New York collaborative process and adopted by the
16 New York PSC – provides abundant incentives to Verizon VA to ensure that it
17 delivers excellent service to CLECs in Virginia, including WorldCom and AT&T.
18
19 If this Commission does consider the merits of a PAP, it should adopt the PAP
20 established by the *BA/GTE Merger Order* only on an interim basis until the state
21 PAP ultimately adopted through the ongoing Virginia Collaborative becomes

¹ *In re Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, 15 F.C.C.R. 14032 (2000).

1 effective in Virginia. In this respect, the Commission's rationale in ¶ 281 of the
2 *BA/GTE Merger Order* applies fully here:

3 Rather than develop a new set of measures for this merger proceeding, we
4 find that relying upon these performance measures and corresponding
5 business rules, which may be modified over time, will achieve the goals of
6 the Performance Plan and conserve time and resources. We emphasize
7 use of such measures in this merger review proceeding is not meant to
8 affect, supplant, or supercede any existing or future state performance
9 plan.

10
11 Likewise, any performance measures standards and PAP adopted here should be
12 interim (pending the completion of the ongoing state proceedings), and under no
13 circumstance should Verizon VA be subjected to duplicative or overlapping PAPs
14 in Virginia.

15

16 **III. PERFORMANCE MEASUREMENTS AND PERFORMANCE ASSURANCE**
17 **PLANS (ISSUE NOS. III-14, IV-121, IV-130, VII-18)**

18 **Q. AT&T AND WORLDCOM HAVE RAISED VARIOUS METRICS ISSUES**
19 **IN THE CONTEXT OF THIS INTERCONNECTION AGREEMENT**
20 **ARBITRATION. SHOULD THE PARTIES' RESPECTIVE**
21 **INTERCONNECTION AGREEMENTS CONTAIN CONTRACT**
22 **LANGUAGE SETTING FORTH DETAILED PERFORMANCE**
23 **MEASUREMENTS OR THE DETAILS OF A PAP?**

24 **A.** No. As a general matter, an interconnection agreement is an inappropriate vehicle
25 through which to subject an ILEC to performance measurements and a PAP.
26 Incorporating measurements and the terms of a PAP into the interconnection
27 agreement implicitly suggests that every CLEC seeking interconnection with an
28 ILEC could seek to require Verizon VA to comply with substantively different

1 measurements or remedies. Not only would it be unfair for an ILEC to be subject
2 to varying measurements and plans, it would be perhaps impossible to administer.
3 Moreover, it simply is not necessary. When a state commission in the context of
4 a generic docket determines that performance measurements and plans are
5 appropriate to ensure that an ILEC is delivering excellent service, that will be the
6 law and the ILEC will be subject to the resulting plan whether incorporated into
7 an interconnection agreement or not. Incorporating the specific terms of a PAP
8 into an interconnection agreement not only raises the possibility of varying plans,
9 but also the continuing need to update the agreement for adjustments made to the
10 applicable plan. Moreover, incorporating sets of metrics into multiple
11 interconnection agreements would make it difficult and cumbersome to make
12 needed changes to metrics or standards in order to reflect industry consensus and
13 new developments, such as new products or services. Generic dockets or
14 collaboratives involving all interested parties are much better suited than
15 individual interconnection agreements for the industry participation, consensus,
16 and development of workable metrics over time. The Commission previously has
17 recognized that “the development of performance measures and appropriate
18 remedies is an evolutionary process that requires changes to both measures and
19 remedies over time.” ¶ 128 of the *Verizon PA 271 Order*.²

² *In The Matter Of Application Of Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., And Verizon Select Services Inc. For Authorization To Provide In-Region, InterLATA Services In Pennsylvania*, CC. Docket No. 01-138, FCC No. 01-269 (Rel. Sept. 19, 2001) (“*Verizon PA 271 Order*”).

1 In Virginia, it is particularly inappropriate to use the current arbitration and
2 resulting interconnection agreement to subject Verizon VA to performance
3 measurements and a PAP different than what may result from the Virginia
4 Collaborative. To the extent that any performance measurements or a PAP
5 should apply to Verizon VA's delivery of service to CLECs in Virginia, such
6 measurements or PAP should originate with the Virginia Commission and arise
7 from the Virginia Collaborative. AT&T and WorldCom, in addition to the other
8 CLECs in Virginia, are participating in the Virginia Collaborative to establish
9 service quality measures and standards that will apply to Verizon VA for all
10 CLECs in Virginia.

11
12 **Q. DOES VERIZON VA PROPOSE ANY CONTRACT LANGUAGE**
13 **ASSOCIATED WITH THE PERFORMANCE METRIC ISSUES?**

14 A. Yes, but its ultimate proposal does so without incorporating the details of any
15 performance measurements or PAP. Verizon VA proposes contract language that
16 makes clear that any rights or obligations with respect to metrics issues should be
17 in accordance with the applicable law – in this case, (i) whatever will result from
18 the Virginia Collaborative, and (ii) until there is a state-specific plan resulting
19 from the Virginia Collaborative, the *BA/GTE Merger Order*:

20
21 Performance Standards

22
23 Verizon shall provide Services under this Agreement in
24 accordance with the performance standards required by Applicable
25 Law, including, but not limited to, Section 251(c) of the Act.
26

1 To the extent required by Appendix D, Section V, "Carrier-
2 to-Carrier Performance Plan (including Performance Measurements),"
3 and Appendix D, Attachment A, "Carrier-To-Carrier Performance
4 Assurance Plan," of the Merger Order, Verizon shall provide
5 performance measurement results to **CLEC.
6

7 **CLEC shall provide Services under this agreement in
8 accordance with the performance standards required by Applicable
9 Law.
10

11 **Q. IF ADOPTED, WOULD VERIZON VA'S PROPOSED CONTRACT**
12 **LANGUAGE LEAVE AT&T AND WORLDCOM WITHOUT ANY**
13 **ASSURANCE THAT VERIZON VA WILL HAVE APPROPRIATE**
14 **PERFORMANCE INCENTIVES IN VIRGINIA?**

15 A. No. As explained, Verizon VA's proposed contract language references
16 applicable law, which includes the *BA/GTE Merger Order*, leaving AT&T and
17 WorldCom in no different position than Cox or any other CLEC in Virginia.
18 Thus, to the extent that there is any need for an "interim plan," prior to any
19 Virginia-specific plan, the *BA/GTE Merger Order* serves this purpose already.
20 And as the Commission itself emphasized in ¶ 281 of the *BA/GTE Merger Order*,
21 any interim Plan should not "affect, supplant, or supercede any existing or future
22 state performance plan."
23

24 Moreover, this result is especially appropriate here, given that the Virginia
25 Commission already is in the process of setting performance standards in the
26 Virginia Collaborative proceeding. By Order dated October 30, 2001, the
27 Virginia Commission granted the Staff of the Virginia Commission's Motion to
28 Establish Carrier Performance Standards for Verizon VA, thereby adopting the set

1 of performance standards on which the Parties to the Virginia Collaborative
2 reached consensus as well as Verizon VA's proposed implementation . For seven
3 unresolved issues, the Virginia Commission set a comment and schedule that
4 concludes this month. Finally, the Virginia Commission stated its intent to
5 consider a performance assurance plan for Verizon VA in a separately docketed
6 case. I understand a procedural order will be issued in the very near future.
7 Accordingly, the Virginia Commission is well on its way to establishing an
8 effective incentive plan applicable to all CLECs in Virginia.

9
10 **Q. DO THE STANDARDS AND INCENTIVES SET FORTH IN**
11 **CONNECTION WITH THE *BA/GTE MERGER ORDER* (“*MERGER***
12 ***ORDER PLAN*”) SUNSET?**

13 A. The *Merger Order* Plan does not sunset until “36 months after the date that Bell
14 Atlantic/GTE is first potentially obligated to make Plan payments for that state,”
15 when the state commission adopts its own comprehensive Plan, or when Verizon
16 receives long distance authority in the state (by which time the state presumably
17 will have adopted a comprehensive Plan as well). Since Verizon VA was first
18 potentially obligated to make payments based on its performance in 2001, the
19 *Merger Order* Plan's remedies will not sunset until 2004. Based upon my
20 understanding of the status of the Virginia Collaborative and the Virginia
21 Commission's expressed intentions, the Virginia Commission will establish an
22 effective incentive plan well before the time frame in which the *Merger Order*
23 Plan will otherwise sunset.

1
2 **Q. SETTING ASIDE THE QUESTION OF WHETHER THE**
3 **INTERCONNECTION AGREEMENT SHOULD CONTAIN CONTRACT**
4 **LANGUAGE SETTING FORTH PERFORMANCE MEASUREMENTS,**
5 **WHAT PERFORMANCE MEASUREMENTS OR STANDARDS SHOULD**
6 **APPLY TO VERIZON VA'S DELIVERY OF SERVICE TO CLECs LIKE**
7 **PETITIONERS AT&T AND WORLDCOM IN VIRGINIA?**

8 A. As this Commission has observed in its October 2 Correspondence, and as
9 recognized in the Virginia Commission's October 30 Order, the parties
10 participating in the Virginia Collaborative have reached substantial agreement on
11 a set of metrics to track Verizon VA's performance in Virginia. Apart from the
12 question of whether the Parties should have contract language that sets forth such
13 measurements, it is my understanding that neither the parties in this arbitration nor
14 the Commission will revisit or alter the performance standards on which the
15 Virginia Collaborative has reached consensus. However, there are a handful of
16 standards still being discussed. Because I do not know whether WorldCom or
17 AT&T intend to pursue in this arbitration measurements over and above those on
18 which the Virginia Collaborative has reached consensus, I will address any
19 additional standards proposed by WorldCom or AT&T in rebuttal.

20
21 **Q. AGAIN SETTING ASIDE THE QUESTION OF WHETHER THE**
22 **INTERCONNECTION AGREEMENT SHOULD CONTAIN CONTRACT**
23 **LANGUAGE SETTING FORTH THE DETAILS OF A PAP, WHAT PAP**

1 **SHOULD APPLY TO VERIZON VA’S DELIVERY OF SERVICE TO**
2 **CLECs LIKE PETITIONERS AT&T AND WORLDCOM IN VIRGINIA?**

3 A. Ultimately, the PAP that becomes effective as a result of the Virginia
4 Collaborative – and that PAP only – should apply to Verizon VA’s delivery of
5 service to all CLECs in Virginia. In the context of the Virginia Collaborative,
6 Verizon VA proposed a PAP that is a “bottom-up” plan in which performance is
7 evaluated for each CLEC on a per measure basis. In that proposal, remedies for
8 missed standard are paid on a per unit basis for most measures. The dollars per
9 unit vary with the extent of the actual performance miss – the severity and the
10 frequency (number of consecutive months) that the standard has been missed. A
11 structure similar to that of Verizon VA’s proposal in the Virginia Collaborative
12 was adopted on October 12, 2001, by the New Jersey Board of Public Utilities and
13 is in place for SBC in its service areas. Moreover, this per unit concept also is
14 included in Verizon’s own “Federal Plan” from the *BA/GTE Merger Order*.

15
16 If the Commission determines that an interim plan is necessary, Verizon VA
17 proposes to adopt the existing Carrier-to-Carrier Performance Assurance Plan set
18 forth in the *BA/GTE Merger Order*, but to allocate a proportionate share of the
19 financial payments to AT&T and WCOM (rather than the U.S. Treasury) as
20 explained below.

21
22 Q. **PLEASE EXPLAIN VERIZON VA’S INTERIM PLAN IF THE**
23 **COMMISSION DETERMINES THAT ONE IS APPROPRIATE PRIOR**

1 **TO THE TIME WHEN A PAP BECOMES EFFECTIVE AS A RESULT OF**
2 **THE VIRGINIA COLLABORATIVE.**

3 A. On an interim basis only, Verizon VA proposes to adopt the *Merger Order Plan*.
4 Verizon VA's performance would be evaluated on a per metric basis. However,
5 rather than making payments only to the United States Treasury as called for in
6 the *Merger Order Plan*,³ Verizon VA proposes to allocate to AT&T and
7 WorldCom a proportionate share of the financial payments that would be due
8 under the *Merger Order Plan*. In other words, Verizon VA's performance can be
9 evaluated for AT&T and WorldCom in Virginia with remedies paid to AT&T and
10 WorldCom.

11
12 Most of the remedies specified in the *Merger Order Plan* are paid on a per unit
13 basis. For its interim proposal, Verizon VA would calculate credits in the same
14 fashion as the federal plan. As explained further below, for metrics where
15 remedies are paid on a per unit basis, subject to a cap, the cap generally would be
16 allocated to AT&T and WCOM based upon their respective lines in service in
17 Virginia, relative to the entire number of CLEC lines in service. For measures
18 where remedies are paid on a per measure basis – typically performance measures
19 at the industry level – any payment due would be allocated to AT&T and WCOM
20 based upon their lines in service relative to the entire number of CLEC lines in
21 service.

22

³ See ¶ 289 of the *BA/GTE Merger Order*.

1 **Q. WHY HAS VERIZON VA PROPOSED INTERIM USE OF THE *MERGER***
2 ***ORDER* PLAN MEASUREMENTS RATHER THAN THOSE ARISING**
3 **FROM THE VIRGINIA COLLABORATIVE?**

4 A. The *Merger Order* Plan’s metrics are already implemented and have been in use
5 for over a year. Accordingly, Verizon VA would be able to promptly put into use
6 the metrics from the *Merger Order* Plan in conjunction with an interim remedies
7 plan. The measurements arising from the Virginia Collaborative have not yet
8 been approved by the Virginia Commission nor have they been implemented.
9 There would be practical problems that would waste time and resources in
10 attempting to implement the standards arising from the Virginia Collaborative for
11 purposes of an interim remedies proposal. The Virginia Commission is on track
12 to implement the standards arising from the Virginia Collaborative, and it is in the
13 best position to do so on a permanent basis with an incentive plan that will be
14 tailored to those standards.

15
16 **Q. PLEASE EXPLAIN VERIZON VA’S PROPOSED INTERIM**
17 **ALLOCATION FOR MEASURES THAT ARE “PER OCCURRENCE.”**

18 A. A “Per Occurrence” or “per unit” measure is one that measures an individual
19 CLEC’s performance on a specific activity. For example, for the measure of %
20 Missed Appointments, the “units” would be the number of orders completed in a
21 month. For “Per Occurrence” measures, Verizon VA proposes to base the amount
22 of the incentive payments to an individual CLEC – AT&T or WorldCom – on the
23 level of service that Verizon VA provided to the individual CLEC. The level of

1 service would be determined by the CLEC's own observations, utilizing (i) the
2 same methodology that the *Merger Order* Plan specifies for performance to the
3 CLEC aggregate in Attachment A-3 to the *BA/GTE Merger Order* and (ii) the per
4 measure amounts in Attachment A-4 to the *BA/GTE Merger Order*.

5
6 **Q. PLEASE EXPLAIN VERIZON VA'S PROPOSED INTERIM**
7 **ALLOCATION FOR MEASURES THAT ARE "PER MEASURE."**

8 A. Measures that are "Per Measure" are ones that are typically measured only at the
9 industry level and not necessarily activity based. For example, OSS Availability
10 measures the percentage of time that the ordering interface is available, regardless
11 of activity. For measures that are "Per Measure," Verizon VA proposes to start
12 with the incentive payments specified in Attachment A-4 to the *BA/GTE Merger*
13 *Order*, which apply to Verizon VA's performance for all CLECs participating in
14 the applicable service area. Then, if a measure with a per measure incentive
15 misses its standard, Verizon VA proposes to allocate the amount among the
16 affected CLECs based on each CLEC's percentage of the relevant lines (or trunks)
17 in service in the applicable service area.

18
19 ***Examples of Per measure Metrics PO-1 and PO-2***

20 For Metrics PO-1 (OSS Response Time) and PO-2 (OSS Availability), the Per
21 Measurement amount that would be paid to a CLEC for a measure for each
22 service area will be a percentage of the applicable Per Measurement amount stated
23 in Attachment A-4 to the *BA/GTE Merger Order*. That percentage will be equal

1 to the number of that CLEC's UNE and Resale lines provided by Verizon VA as a
2 percentage of the number of all CLEC UNE and Resale lines provided by Verizon
3 VA in the service area. *For example:*

- 4
5 • For Metric PO-1-01 (OSS Response Time– CSR and EDI), *assume that* 10% of
6 the UNE and Resale lines provided by Verizon VA to all CLECs in Virginia (a
7 “Measurement Group A” state) are provided to AT&T. The Per Measurement
8 amount applicable to AT&T for this measure (a “Low” measure) would be 10%
9 of \$60,000, or \$6,000.

10
11 For purposes of Verizon VA's proposed interim allocation, UNE lines include
12 UNE-Platform lines, and all types of UNE loops and UNE IOF; Resale lines
13 include Resale lines and Resale circuits. In applying the calculation, Verizon VA
14 proposes to base the number of lines in service on the most recent lines in service
15 data available at the time the calculation is performed. Notwithstanding anything
16 else in Attachment A to the *BA/GTE Merger Order*, AT&T and WorldCom shall
17 be eligible for payments only with respect to “Per Measurement” measures for
18 which there is measured CLEC activity. For example, if WorldCom has no
19 CORBA transactions, WorldCom would not be eligible for a payment with
20 respect to any of the PO-1 or PO-2 measures that measure CORBA performance.

21
22 **Q. DOES VERIZON VA PROPOSE ANY CAPS ON ITS POTENTIAL**
23 **LIABILITY UNDER THE PROPOSED INTERIM PAP?**

1 A. Yes. Verizon VA proposes to incorporate the cap structure in the *Merger Order*
2 Plan. Specifically, the *Merger Order* Plan's annual caps for the former Bell
3 Atlantic area in Virginia are approximately: (1) \$15.5 million for "Year 1"; (2)
4 \$23.3 million for "Year 2"; and (3) \$31 million in "Year 3." See Attachment A-6
5 to the *BA/GTE Merger Order* (with incentives through cap decreases for early
6 completion of OSS work at ¶ 11 of Attachment A). The annual caps under the
7 interim plan for WorldCom and AT&T would be a proportionate share of these
8 caps. Additionally, for a small set of metrics, the *BA/GTE Merger Order* provides
9 for "per occurrence" caps. The Commission concluded that the amount of the
10 incentive payments is sufficient to discourage Verizon from providing
11 substandard service to competitors. *BA/GTE Merger Order* at n.630.

12
13 **Q. PLEASE EXPLAIN VERIZON VA'S PROPOSED MONTHLY OVERALL**
14 **CAPS.**

15 A. The "Monthly Overall" caps in Attachment A-4 to the *BA/GTE Merger Order*
16 would apply to Verizon VA's performance for all CLECs in the applicable service
17 area in the aggregate. Accordingly, the monthly overall caps that apply to AT&T
18 or WorldCom for Verizon VA's service area will be a percentage of the caps
19 stated in Attachment A-6 to the *BA/GTE Merger Order*. That percentage would
20 be equal to the number of AT&T or WorldCom total UNE lines, Resale lines, and
21 trunks, provided by Verizon VA as a percentage of total number of UNE lines,
22 Resale lines, and trunks provided by Verizon VA to all CLECs in the service area.

23

- *For example, assume that 10% of the UNE lines, Resale lines, and trunks, provided by Verizon VA to all CLECs in Virginia are provided to AT&T. The annual cap applicable to AT&T in Year 1 would be 10% of \$16,249,700, or \$1,624,970. The monthly cap applicable to AT&T in this example would be 1/12th of this amount, or \$135,414.17.*

Q. PLEASE EXPLAIN VERIZON VA'S PROPOSED "PER OCCURRENCE" CAPS.

A. A "Per Occurrence" cap is limited to a small set of measures. These include Order Confirmation Timeliness, Reject Timeliness, and Trunk Blockage. These measures are paid on a per occurrence basis up to the monthly cap established in the *Merger Order Plan*. The "Per Occurrence" caps in Attachment A-4 to the *BA/GTE Merger Order* would apply to Verizon VA's performance for all CLECs in the applicable service area in the aggregate. Accordingly, for "per occurrence with a cap" measures, the cap that applies to AT&T or WorldCom for each measure in each service area will be a percentage of the applicable cap stated in Attachment A-4 4 to the *BA/GTE Merger Order*. That percentage would be equal to the number of measured observations for AT&T or WorldCom for the measure as a percentage of the number of measured observations for all CLECs in the service area for the three-month remedy calculation period. *Some examples:*

- For Metric OR-1-02 (% On Time LSRC – Flow Through, Resale POTS) (a "Low" per occurrence with a cap measure), *assume* that 10% of all LSRs measured by this metric for all CLECs in Virginia (a "Measurement Group A")

1 state) for the three-month remedy calculation period were AT&T LSRs. The
2 cap applicable to AT&T would be 10% of \$60,000, or \$6,000.

- 3
- 4 • For Metric OR-1-02 (% On Time LSRC – Flow Through, UNE Platform) (a
5 “Low” per occurrence with a cap measure), *assume that* 35% of all LSRs
6 measured by this metric for all CLECs in Virginia (a “Measurement Group A”
7 state) for the three-month remedy calculation period were WorldCom LSRs,
8 the cap applicable to WorldCom would be 35% of \$60,000 or \$21,000.

- 9
- 10 • For Metric OR-1-12 (% On Time FOC (\leq 192 Trunks), CLEC Trunks) (a
11 “Low” per occurrence with a cap measure), *assume that* 10% of all trunk
12 ASRs measured by this metric for all CLECs in Virginia (a “Measurement
13 Group A” state) for the three-month remedy calculation period were AT&T
14 trunk ASRs, the cap applicable to AT&T would be 10% of \$60,000, or
15 \$6,000.

- 16
- 17 • For Metric NP-1-04 (# of Final Trunk Groups Blocked 3 Months, BA-CLEC
18 Trunks) (a “High” per occurrence with a cap measure), *assume that* 50% of
19 the trunk groups measured by this measure for all CLECs in Virginia (a
20 “Measurement Group A” state) for the three-month remedy calculation period
21 were WorldCom trunk groups, the cap applicable to WorldCom would be
22 50% of \$225,000, or \$112,500.

1 **Q. SHOULD THE PAP INCLUDE PROVISIONS TO MAKE THE**
2 **REMEDIES “SELF-EXECUTING”?**

3 A. The PAP proposed by Verizon VA is a self-executing plan.
4

5 **Q. TO THE EXTENT THAT ANY REMEDIES BECOME DUE AND**
6 **PAYABLE UNDER A PAP, HOW SHOULD VERIZON VA MAKE**
7 **PAYMENT?**

8 A. Verizon VA proposes payment via bill credits to AT&T and WorldCom.
9

10 **Q. TO THE EXTENT THAT ANY REMEDIES BECOME DUE AND**
11 **PAYABLE UNDER A PAP, SHOULD THERE BE A CREDIT OR OFFSET**
12 **AGAINST OTHER PLANS?**

13 A. Whether for an interim or permanent PAP, a CLEC should only derive credits
14 from one plan. In no event should this Commission allow Verizon VA to be
15 subject to duplicative or differing PAPs. Verizon VA’s interim proposal prevents
16 duplicative payments to CLECs because the *BA/GTE Merger Order* provides a
17 “credit for amount paid to states and competitive LECs under state-imposed
18 performance monitoring plans or under liquidated damages provisions of
19 interconnection agreements.” ¶ 280 of the *BA/GTE Merger Order*. *See also*
20 Appendix D, Attachment A, ¶ 12 of the *BA/GTE Merger Order*. The same should
21 be true of Verizon VA’s permanent proposal.
22

1 Q. IF THE COMMISSION DETERMINES THAT AN INTERIM PAP IS
2 APPROPRIATE PRIOR TO THE TIME WHEN A PAP BECOMES
3 EFFECTIVE AS A RESULT OF THE VIRGINIA COLLABORATIVE,
4 WHY SHOULD THE COMMISSION ADOPT VERIZON VA'S
5 PROPOSED INTERIM PLAN?

6 A. Verizon VA's proposed interim plan "is not meant to affect, supplant, or
7 supersede" the Virginia Commission's ongoing investigation to ensure that
8 Verizon VA will provide CLECs with services at parity and in a non-
9 discriminatory fashion. ¶ 281 of the *BA/GTE Merger Order*. Verizon VA's
10 proposed interim plan makes the best and most efficient use of time and resources
11 without prejudging or duplicating the work of the Virginia Commission and
12 Virginia Collaborative.

13
14 Q. WHAT DOES VERIZON VA PROPOSE IN THE EVENT THAT THE
15 MERGER ORDER PLAN IS AMENDED?

16 A. The interim plan I propose should track any amendments or changes to the
17 *Merger Order* Plan during the period it is being used as I have described.

18
19 **IV. INTERRELATIONSHIP WITH OTHER AVAILABLE REMEDIES UNDER**
20 **THE INTERCONNECTION AGREEMENT (ISSUE NO. IV-120)**

21 Q. SHOULD A PERFORMANCE ASSURANCE PLAN "STAND SEPARATE
22 FROM OTHER AVAILABLE REMEDIES" AS WORLDCOM HAS
23 SUGGESTED IN ITS STATEMENT OF ISSUE NO. IV-120?

1 A. A party to an agreement should not be permitted a windfall through multiple
2 recoveries. Accordingly, Verizon VA cannot agree to WorldCom's proposed
3 contract language, because it seems to allow WorldCom the opportunity to
4 "double-dip" by seeking relief under self-executing performance standards and
5 the agreement, without any offset. When both an applicable PAP and other
6 remedy provisions of the interconnection agreement or applicable law would
7 grant remedies to WorldCom for the same action (or inaction) of Verizon VA,
8 then WorldCom should make an election of remedies. Moreover, it should be
9 clear that just because Verizon VA must make a payment pursuant to an effective
10 PAP, it is not automatically deemed to have breached the interconnection
11 agreement. *See* Verizon VA Exhibits 13 (Direct Testimony on Mediation Issues –
12 General Terms and Conditions) at 31-32 and 30 (Rebuttal Testimony on
13 Mediation Issues – General Terms and Conditions) at 23-24.

14
15 **Q DOES THIS CONCLUDE YOUR TESTIMONY?**

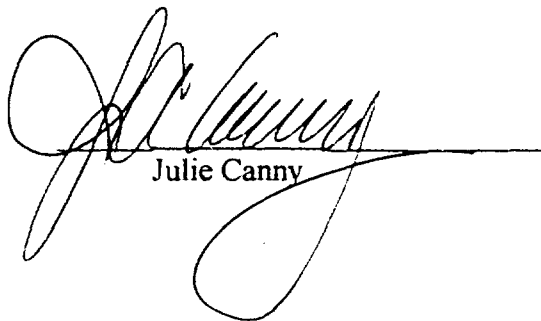
16 A. Yes, it does.

17

Declaration of Julie Canny

I declare under penalty of perjury that I have reviewed the foregoing testimony and that those sections as to which I testified are true and correct.

Executed this 9th day of November, 2001.



Julie Canny